

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

BARON FINANCIAL CORPORATION,

Plaintiff

*

v.

ERN, LLC,

Defendant.

Civil Action No.: MJG 03CV 168

* * * * *

AFFIDAVIT OF MARTIN A. TAYLOR

I, Martin A. Taylor, am an adult citizen of the State of Maryland and am competent to testify as to the following matters:

1. I am a Vice President of Business and Product Development of ERN, LLC.
2. In my capacity with ERN, LLC, I am familiar with the nature and extent of the business transaction concerning ERN, LLC.
3. In calendar year 2002, ERN, LLC was a party to a processing service agreement with National Payment Systems, Inc., d/b/a Card Payment Systems ("CPS"), as well as a processing service agreement with EFS National Bank ("EFS"). Pursuant to these agreements, ERN, LLC provided a portfolio of consumer merchants whose sales via electronic payment were verified and approved by both CPS and EFS for a transaction fee.
4. In return, both CPS and EFS provided ERN, LLC with a portion of their total fees (a "residual") at the end of each month.
5. On July 12, 2002, ERN, LLC entered into an agreement in which it effectively assigned its rights in the CPS and EFS portfolios to Baron Financial Corporation.

6. On July 16, 2002, ERN, LLC received residual payments from EFS in the amount of \$57,044.44 and on July 29, 2002, ERN, LLC received residual payments from CPS in the amount of \$27,285.27. These residuals represented ERN, LLC's contractual portion of CPS and EFS transaction fees earned on merchant transactions that occurred between June 1, 2002 and June 30, 2002. Thus, the July 16, 2002 and July 29, 2002 residual payments were earned by ERN, LLC on the two portfolios on the merchant accounts prior to their assignment of July 12, 2002.

7. On August 16, 2002, ERN, LLC received residual payments totaling \$57,044.44 from EFS and on August 29, 2002, ERN, LLC received residual payments totaling \$31,464.74 from CPS. These residual payments represented ERN, LLC's contractual portion of transaction fees earned by CPS and EFS on merchant transactions that occurred between July 1, 2002 and July 31, 2002. Thus, only a portion of the residuals collected by ERN, LLC related to the two merchant portfolios after their July 12, 2002 assignment.

I solemnly swear and affirm under the penalties of perjury and upon personal knowledge that the above statements are true and correct.

Date: August 29, 2003



Martin A. Taylor